

FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS SYSTEM
ADMINISTRATION**

DENTON, TEXAS

Lee Jackson, Chancellor

For the year ended August 31, 2007

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION

ORGANIZATIONAL DATA

August 31, 2007

BOARD OF REGENTS

Gwyn Shea(Term expires 5-22-13)Irving
Jack A. Wall(Term expires 5-22-13)Dallas
Don A. Buchholz(Term expires 5-22-13)Dallas

Rice Tilley(Term expires 5-22-09)Fort Worth
Gayle Strange(Term expires 5-22-09)Denton
Robert A. Nickell(Term expires 5-22-09)Dallas

Charles Mitchell.....(Term expires 5-22-11)Mesquite
C. Dan Smith(Term expires 5-22-11)Plano
Al Silva.....(Term expires 5-22-11) San Antonio

OFFICERS OF THE BOARD

Don A. Buchholz Chairman
Gayle Strange Vice Chairman
Jana Dean Secretary

ADMINISTRATIVE OFFICERS

Lee JacksonChancellor
Andrew M. Harris Vice Chancellor for Finance
Virginia E. Anderson..... System Controller

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Statement of Net Assets

For the Year Ended August 31, 2007

Current Year

Prior Year

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**Current Year
2007**

**Prior Year
2006**

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended August 31, 2007

	Current Year 2007	Prior Year 2006
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ 156,730.00	\$ 99,825.00
Tuition and Fees - Pledged	-	-
Discounts and Allowances	-	-
Professional Fees - Non-Pledged	-	-
Professional Fees - Pledged	-	-
Discounts and Allowances	-	-
Auxiliary Enterprises - Non-Pledged	-	-
Auxiliary Enterprises - Pledged	804,760.07	-
Discounts and Allowances	-	-
Other Sales of Goods and Services - Non-Pledged	278,663.57	296,013.65
Other Sales of Goods and Services - Pledged	-	-
Discounts and Allowances	-	-
Federal Revenue - Operating	-	-
Federal Pass Through Revenue	-	-
State Grant Revenue	-	-
State Grant Pass Through Revenue	-	-
Other Grants and Contracts - Operating	-	50,000.00
Other Operating Revenues	-	-
Total Operating Revenues	1,240,153.64	445,838.65
OPERATING EXPENSES ⁽¹⁾		
Instruction	6,960,543.19	6,846,469.67
Research	-	-
Public Service	-	-
Academic Support	1,916,436.50	655,517.18
Student Services	178,752.16	1,704.15
Institutional Support	5,542,975.28	5,193,870.09
Operations and Maintenance of Plant	(276,346.98)	28,842.55
Scholarships and Fellowships	-	93,529.00
Auxiliary Enterprises	430,258.40	-
Depreciation	1,932,330.43	1,803,215.09
Total Operating Expenses	16,684,948.98	14,623,147.73
Operating Income (Loss)	(15,444,795.34)	(14,177,309.08)
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	7,429,696.00	6,429,696.00
Additional Appropriations (GR)	1,102,879.83	894,264.11
State Grant Pass Through Revenue	-	-
Gifts	145,000.00	440,339.91
Investment Income	762,913.54	825,050.77
Loan Premium/Fees on Securities Lending	-	-
Investing Activities Expense	-	-
Interest Expense and Fiscal Charges	(1,527,490.07)	(1,144,682.68)

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	Current Year 2007	Prior Year 2006
Borrower Rebates and Agent Fees	-	-
Gain/(Loss) on Sale of Capital Assets	-	(3,934.88)
Net Increase (Decrease) in Fair Value of Investments	-	-
Settlement of Claims	(6,349.65)	(4,349.68)
Other Nonoperating Revenues - Non-Pledged	358,567.22	377,305.42
Other Nonoperating Revenues - Pledged	-	-
Other Nonoperating Expenses	-	-
Total Nonoperating Revenues /(Expenses)	8,265,216.87	7,813,688.97
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(7,179,578.47)	(6,363,620.11)
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS		
Capital Contributions	-	-
Capital Appropriations - HEAF (GR)	-	-
Contributions to Permanent and Term Endowments	-	-
Special Items	-	-
Extraordinary Items	-	-
Interagency Transfers Cap Assets-Increase	5,589,472.07	216,203.96
Interagency Transfers Cap Assets-Decrease	-	(3,045.22)
Transfers-In	4,850,967.66	7,350,387.25
Transfers-Out	-	-
Legislative Transfers-In	2,216,852.13	2,958,530.56
Legislative Transfers-Out	-	(1,843,193.19)
Legislative Appropriation Lapses	-	-
Total Other Revenue, Expenses, Gain/Losses and Transfers	12,657,291.86	8,678,883.36
CHANGE IN NET ASSETS	5,477,713.39	2,315,263.25
Net Assets, Beginning	9,213,153.15	4,801,471.55
Restatements	952,942.81	2,096,418.35
Net Assets, Beginning, as Restated	10,166,095.96	6,897,889.90
NET ASSETS, ENDING	\$ 15,643,809.35	\$ 9,213,153.15

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Note 1: Matrix of Operating Expenses Reported by Function

For the Fiscal Year Ended August 31, 2007

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	-				

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Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation	2007 Total Expenditures
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,135,395.75	(1,488,569.03)	-	-	-	6,198,869.06
635,896.55	111,014.43	-	-	-	1,401,995.41
271,233.25	21,191.57	-	183,759.23	-	515,293.15
-	-	-	-	-	-
-	-	-	-	-	-
101,057.06	-	-	-	-	124,964.01
(122,047.27)	885,586.42	-	6,414.28	-	1,077,571.66
38,974.81	37,202.75	-	111,588.58	-	476,710.91
6,392.26	12,987.03	-	51,709.87	-	161,847.95
29,619.92	35,916.41	-	23,124.73	-	922,145.37
15,407.99	753.91	-	1,310.55	-	56,297.04
-	-	-	-	1,932,330.43	1,932,330.43
-	-	-	-	-	-
36.54	-	-	-	-	36.54
-	-	-	-	-	-
-	-	-	52,351.16	-	52,351.16
1,431,008.42	107,569.53	-	-	-	3,764,536.29
\$ 5,542,975.28	\$ (276,346.98)	\$ -	\$ 430,258.40	\$ 1,932,330.43	\$ 16,684,948.98

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2007

	Current Year 2007	Prior Year 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	\$ 156,730.00	\$ 99,825.00
Proceeds Received from Customers	-	-
Proceeds from Sponsored Projects	-	50,000.00
Proceeds from Loan Programs	-	-
Proceeds from Auxiliaries	804,760.07	-
Proceeds from Other Revenues	513,441.38	274,270.44
Payments to Suppliers for Goods and Services	(10,730,265.50)	(2,992,202.98)
Payments to Employees for Salaries and Benefits	(7,292,545.04)	(6,549,984.26)
Payments for Loans Provided	-	-
Payments for Other Expenses	-	(93,529.00)
Net Cash Provided (Used) by Operating Activities	<u>(16,547,879.09)</u>	<u>(9,211,620.80)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	7,118,096.60	6,809,756.45
Proceeds from Debt Issuance	-	-
Proceeds from Legislative Transfers	-	-
Proceeds from Gifts	100,000.00	455,100.00
Proceeds from Endowments	-	-
Proceeds of Transfers from Other Agencies	-	-
Proceeds of Transfers from Other Components	7,145,818.50	15,621,373.23
Proceeds from Other Revenues	-	-
Proceeds from Contributed Capital	-	-
Payments of Principal on Debt Issuance	-	-
Payments of Interest	(69,691.79)	(1.16)
Payments of Other Costs of Debt Issuance	-	-
Payments for Transfers to Other Agencies	-	-
Payments for Transfers to Other Components	-	(1,843,193.19)
Payments for Other Uses	(6,349.65)	(4,349.68)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>14,287,873.66</u>	<u>21,038,685.65</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from State Appropriations - HEAF	-	-
Proceeds from Disposal of Capital Assets	-	-
Proceeds from Debt Issuance	34,051,345.14	29,624,944.55
Proceeds from Capital Contributions	-	-
Proceeds of Transfers from Other Components - CP	9,821,000.00	8,736,000.00
Payments for Additions to Fixed Assets	(18,722,810.62)	(12,524,853.21)
Payments of Principal on Debt Issuance	(23,486,000.00)	(10,426,000.00)
Payments of Interest on Debt Issuance	(1,132,956.53)	(458,734.38)
Payments of Other Costs of Debt Issuance	(37,619.67)	(308,641.72)
Payments for Transfers to Other Components-Commercial Paper	(4,500,000.00)	(5,982,149.00)
Payments for Transfers to Other Components	-	-
Payments for Disposal of Capital Assets	-	-
Net Cash Provided (Used) From Capital & Related Financing Activities	<u>(4,007,041.68)</u>	<u>8,660,566.24</u>

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	Current Year 2007	Prior Year 2006
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	6,978,681.53	22,013,209.86
Proceeds from Interest and Investment Income	1,009,298.01	578,666.30
Proceeds from Principal Payments on Loans	-	-
Payments to Acquire Investments	(4,872,971.11)	(37,119,856.55)
Net Cash Provided (Used) by Investing Activities	<u>3,115,008.43</u>	<u>(14,527,980.39)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>(3,152,038.68)</u>	<u>5,959,650.70</u>
Cash and Cash Equivalents --September 1, 2006 and 2005	9,165,951.31	3,206,300.61
Restatements to Beginning Cash and Cash Equivalents	952,942.81	-
Cash and Cash Equivalents --August 31, 2007 and 2006	<u>\$ 6,966,855.44</u>	<u>\$ 9,165,951.31</u>
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	2,510,206.58	4,054,546.53
Short-term Investments (Statement of Net Assets)	-	-
Restricted Cash and Cash Equivalents (Statement of Net Assets)	4,456,648.86	5,111,404.78
Restricted Short-term Investments (Statement of Net Assets)	-	-
	<u>\$ 6,966,855.44</u>	<u>\$ 9,165,951.31</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income /Loss(-)	<u>\$ (15,444,795.34)</u>	<u>\$ (14,177,309.08)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	1,932,330.43	1,803,215.09
Bad Debt Expense	-	-
Operating Income and Cash Flow Categories Classification Differences	-	-
Changes in Assets and Liabilities:	-	-
(Increase) Decrease in Receivables	231,514.53	(21,743.21)
(Increase) Decrease in Inventories	-	-
(Increase) Decrease in Loans & Contracts	-	-
(Increase) Decrease in Other Assets	-	-
(Increase) Decrease in Prepaid Expenses	-	-
Increase (Decrease) in Payables	(3,330,415.96)	3,099,194.44
Increase (Decrease) in Due to Other Components	-	-
Increase (Decrease) in Deferred Income	-	-
Increase (Decrease) in Other Liabilities	63,487.25	85,021.96
Total Adjustments	<u>(1,103,083.75)</u>	<u>4,965,688.28</u>
Net Cash Provided by Operating Activities	<u>\$ (16,547,879.09)</u>	<u>\$ (9,211,620.80)</u>
Non Cash Transactions		
Net Increase (Decrease) in FMV of Investments	\$ -	\$ -
Amortization of Investment Premiums/(Discounts)	\$ -	\$ -
Donation of non-cash investment	\$ -	\$ -

The accompanying Notes to the Combined Financial Statements are an integral part of the financial statements.

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2007

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
				First Year	Last Year	
Rev Fin Sys Bonds, Ser '05	\$ 22,655,000.00	3.25% - 5.25%	N/A	2006	2025	04/15/15
Rev Fin Sys Bonds, Ser '07	16,980,000.00	4.00 % - 5.00%	N/A	2008	2036	04/15/16
Total	<u>\$ 39,635,000.00</u>					

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Bonds

Bonds

Bonds

Bonds

Amounts

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2007

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Schedule 2D - Analysis of Funds Available for Debt Service

For the Fiscal Year Ended August 31, 2007

<u>Description of Issue</u>	<u>Pledged and Other Sources and Related Expenditures for FY 2007</u>			
	<u>Total Pledged and Other Sources</u>	<u>Operating Expenses/ Expenditures & Capital Outlay</u>	<u>Debt Service</u>	
			<u>Principal</u>	<u>Interest *</u>
Rev Fin Sys Bonds, Ser '05 & '07	\$ 5,473,314.14	\$ 3,062,148.25	\$ 1,165,000.00	\$ 1,132,956.53
Total	<u>\$ 5,473,314.14</u>	<u>\$ 3,062,148.25</u>	<u>\$ 1,165,000.00</u>	<u>\$ 1,132,956.53</u>

* In accordance with State Comptroller reporting requirements, the interest amounts on this schedule represent interest expense per the bond amortization schedules rather than interest on a full accrual basis.

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2007

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
		\$ -
		<u>\$ -</u>

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Schedule 2F - Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2007

Description of Issue	Category	Amount Extinguished or Refunded	For Refunding Only		
			Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
		\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -
Total		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>